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THE ECONOMIC IMPACT ON FUTURE EUROPEAN SECURITY

BY

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USAWC MILITARY STUDIES PROGRAM PAPER

THE ECONOMIC IMPACT ON FUTURE EUROPEAN SECURITY
AN INDIVIDUAL STUDY PROJECT

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THE ECONOMIC IMPACT ON FUTURE EUROPEAN SECURITY

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ABSTRACT

AUTHOR: David C. Elliott, Jr., Lieutenant Colonel

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The end of the cold war and dissolution of the bipolar atmosphere present an organizational and security challenge for the "New World Order." Countries and security organizations are focusing on political, economic and social issues as well as military forces which they need to support diplomacy. The differences and perceptions between the have's and have-not's are destined to grow and increase the challenges to European security. The significant impact of economic issues is evident in several currently developing scenarios as well as the obvious example in the Gulf war. The European Community has significant economic challenges from monetary union, political union, monetary and trade policies, aid to Eastern Europe and the Soviet Union, inflation, recession, interest rates and many others. The Uruguay Rounds, specifically the General Agreement on Tariffs and Trade (GATT) as it applies to the Common Agricultural Policy and other trade issues, all are potential economic and political block-busters. The maturing economies of Central and Eastern Europe provide a wide open arena for economic development highly dependent on existing and future security structures. Economic assistance seems to be the magic cure for all types of weakness and mismanagement. The relationship between existing structures such as NATO, EC, CSCE, the WEU and others will play key roles. The stability of any future European security system could easily be unbalanced by economic inequities. With the threat and the size of military forces rapidly diminishing, economic issues and their influence on the political and social and cultural realms of society will rise significantly in relative importance. This study focuses on the potential of the most significant economic factors to influence future European security structures and policies.



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INTRODUCTION

"Europe has entered a new, promising era. Central and Eastern Europe is liberating itself. The Soviet Union has embarked on the long journey toward a free society. The walls that once confined people and ideas are collapsing."¹ So begins the London Declaration in which the NATO allies formally recognized the significant forces of change impacting on the Alliance, Europe and the world at large. It is not hard to find similar descriptions of the current world situation. Virtually every book, article, and "valid" research paper presents some view, some perception of the emerging euphoria of a new civilization on its way to freedom and democracy in poetic, harmonious bliss. The realists in the crowd are quick to point out that there are some stumbling blocks and, depending on their viewpoint and personal political perspective, suggest solutions to the problems at hand.

The purpose of this paper is to address future European security, the impact of economics on that security, and discuss current events and their influence on that process. I intend to present evidence that the greatest potential for difficulty in European security will be in the economic arena. I will address specific economic challenges, past, present and future. I will develop areas of commonality and divergence. I will present a brief historical sketch of European

relationships, ramifications to present situations, and suggest the future impact of present challenges of unfolding economic developments.

Pick up any newspaper and the latest update tells about reduced national budgets, less money to spread around, lower national employment levels, and a shrinking market for fewer defense dollars. European-wide competition, free borders, mobile work force, migration away from high taxes and towards better pay and employment opportunities--what will be the incentive to give up a small portion of nationality, national sovereignty, for the common good? In a recent lecture in London, Jacques Delors, President of the European Commission answered that question by addressing the solution in terms of security. He said, "Security, however, depends on our ability to create an attractive, harmonious society. If society is eroded from within by a decline in responsible citizenship, indifference to others and social tensions, how can individuals be expected to defend its security, let alone accept that their country should take risks to share international responsibilities with others?"² However noble this unselfish cause may seem, the circumstances suggest difficulties ahead.

After forty years of confronting the Soviet threat, nations are now able to deflect their confrontational gaze and reflect inward, focusing their dwindling resources on national challenges which are becoming more relevant and significant. The "direct threat by a massive Soviet aggression has

disappeared and the staving off of an imminent threat has become less urgent."³ It is now time to look out for number one. With defense playing a considerably lesser role and politicians looking for new issues to ride, what will be the incentive to look beyond national borders? Politicians will have a primary incentive to look out for their constituency. Yes, they will agree to the common good and those other pan-European goals, but how strong will be the motivating factors to convince a local constituency that they need to sacrifice on a small scale for the sake of a larger good (read-somebody else's state or country.) "Small" can become significant very quickly.

Consider the potential for conflict in near- to mid-term economic relationships. Government subsidies and unfair or unbalanced trade practices have generated the most friction in recent conflicts of economic interests. Draught, starvation, refugees, building market economies from the failed socialist systems--it will all take money. If countries believe that their neighbors put their own individual welfare ahead of common good in one area, the ability to make that little sacrifice at home in the name of national interest will become most difficult in other areas. The agriculture and trade crises of today will become multiplied in frequency and intensity. The historical Europe will resurface. Existing alliances and security structures must be in place to overcome such difficulties in a smooth and constructive manner.

The danger signs must be recognized and paths found through that economic wilderness.

Why economics? Is it really so much more significant than other factors? During Course 77 of the NATO Defense College in Rome Italy, Committee Number Three, of which I was a member, selected a research topic titled "Future European Security and the Trans-Atlantic Link."⁴ After extensive research and discussion between the international NATO members of the committee, we selected three commonly accepted areas of interests of nations including (1) political, (2) economic, and (3) social and cultural.⁵ We then rationalized that military force was a tool to be used by one or more of our three basic areas of interest to influence one or more of the others. As the military influence in Europe lessens, the three basic areas become more significant and wieldable as tools themselves.

In the words of Secretary of State, James A. Baker III, "As we construct a new security architecture that maintains the common defense, the non-military component of European security will grow."⁶ It seems that most current and aspiring European societies have similar goals in the social and cultural area, with some possible variation in the wellness of their situation with respect to their neighbors. With the blossoming of a myriad of economic and security organizations, the politicians have no dearth of issues which to champion.⁷ The wherewithal to accomplish those political, economic and

social and cultural goals will hopefully lie within a nation's economic power and potential. Economic might in its own right will easily rise as a primary instrument of power. It is here that the potential for nationalism could take on the tone of survival of the fittest, the historical Europe, the eternal European memory, the ugly specter of political compromise for economic and social survival. One of the greatest potentials for discord and conflict springs from that economic nationalism. Economic security is directly related to national security. Therefore the economic impact on future European security must be carefully crafted. The Common European Home, a Europe whole and free, a stronger pillar in the Atlantic Alliance all recognize the strong interdependence of countries, not only Europe, but also the shrinking world, in all areas political, social and especially economic.⁸

The intent of the East Europeans to join some western political, economic or security organization has been vividly demonstrated in recent months as leaders from Hungary, Czechoslovakia, Poland and other countries have traveled the world over seeking political, economic and security assistance. All of the East European countries, in addition to the Soviet Union, have expressed a strong need for considerable economic assistance. The magnitude of the requests are unbelievably high. Mr. Gorbachev has asked the West, as recently as 22 May 1991, for 100 billion dollars.⁹ The economic, political, and social and cultural balance of the world is at stake, and just when we thought we were going from an unstable bipolar world

to a stable multipolar world. The only way to a stable Europe is through shared goals and responsibilities, that path has already been trod by NATO in their validated format of extensive discussion and consultation. It is in every nation's best interest to find that new balance, that point of give and take where concessions for the benefit of others will not be seen as infringements on national sovereignty or rights.

I suggest that the toughest problems addressed in the following discussion, the area with the greatest potential for lack of harmony, the topic on which sovereign Europeans and their friends will disagree most will be economics. In this paper I will attempt to show the direction, and highlight the character of the challenges of the economic impact on future European security.

ASSUMPTIONS AND LIMITATIONS

A complete discussion of world influences on economics should include the role of Japan. Recognizing the role played by the Pacific countries in the developing tripolar scenario, I purposely focused this discussion on economics within the realm of Europe with some consideration of North America. I would agree that the exclusion of Japan leaves a significant hole in the completeness of the discussion. However, I chose to sharpen my focus to spend my resources economically in discussing the specifics relating to the trans-Atlantic nations and the impact on European security of the organizations and nations in that more limited area.

As the Soviet Union reduces its forces west of the Urals, there are serious doubts as to its compliance with the CFE treaty. As this paper is focused on economic influences on future European security, the assumption is made that the force levels remaining will be sufficiently reasonable to both Europe and North America as not to seriously impede the process toward a Europe whole and free. Also treated as a non-influential factor for the short-term revitalization of Europe is the Soviet's maintenance of its strategic nuclear force.

The final assumption made is that the democratization of Europe will continue and the result of the Soviet internal turmoil will not spill over to the rest of Europe.

Even though internal Soviet dissension and turmoil could readily impact on more than one republic or even neighboring countries, the economic impact on European security can still be adequately considered, and its impact assessed, if the boundaries of the discussion confine Soviet actions within Soviet borders. Expansion of Soviet unrest outside its national borders would only amplify the effects discussed in this paper.

ENDNOTES

1. NATO Information Service, London Declaration on a Transformed North Atlantic Alliance, July 1990, p. 3 (hereafter referred to as the London Declaration).
2. Jacques Delors, "European Integration and Security," Survival, Vol. 33, No. 2, March/April 1991, pp. 101, 102.
3. Manfred Worner, "The Atlantic Alliance in the New Era," NATO Review, Vol. 39, No. 1, February 1991, p. 5.
4. Colonel Anthony Paul Arengo-Jones, et al., "NATO: Future European Security and the Trans-Atlantic Link."
5. Ibid.
6. James A. Baker III, "A New Europe, A New Atlanticism: Architecture for a New Era," Europe Documents, No. 1588, Atlantic Document No. 65, 15 December 1991, p. 3.
7. For a good grasp of the multitude of fora challenging the well-intentioned soldiers and statesmen, see:

Richard H. Ullman, "Enlarging the Zone of Peace," Foreign Policy, No. 80, Fall 1990, p. 109.
8. Henning Wegener, "NATO and the Future of European Security," May 1991, p. 2.
9. Francis X. Clines, "Gorbachev Pleads For \$100 Billion In Economic Aid," International Herald Tribune (Rome), 23 May 1991, p. 1.

HISTORICAL PERSPECTIVE

On the 7th of December 1988, President Gorbachev announced a startling addition to his Glasnost and Perestroika programs while addressing the United Nations. The economic realities of the world had been proven absolute, even in the grand world of the superpowers--both superpowers. The social and cultural realities of the Soviet Union had also surfaced to pose sufficient threat that the leadership of the country had to take deliberate action to balance the system. The political corruption, the pillaging of the economic system and human element of the country, all for the military might and favoritism of the socialist elite broke the system. The freedoms of Glasnost and Perestroika permitted the people to see a public view of the vast inequities and repression. "Soviet conservatives, liberals, and a growing number of ordinary citizens, may now be nostalgic for the 'golden days' of totalitarian stability and relative abundance, but turning the clock back is not a sustainable option. The old ways of ruling the country are too shattered for that."¹

The unilateral reductions he described that December day, set in motion a chain of events which are still shaking the pillars of organizations and countries worldwide. It has become vividly clear since that most magnanimous gesture that the reasoning behind the decision was not based on moral and ethical desires, but almost purely economic necessity.

Eastern Europe had become a significant burden on an already overburdened and broken Soviet economy. The Soviets are now in a crunch for hard cash. They are unwilling or unable to pay their debts to their former East European clients, they have no foreign currency with which to pay.² As a result, exports to the Soviet Union have decreased and the Soviets have told their former friends that they might not be able to fulfill contracts for future delivery of oil, natural gas or other necessities.

In addition to the announced unilateral reductions, the force levels under the agreements reached in the Conventional Forces Europe negotiations resulted in the "threat that dominated our daily lives and our planning assumptions for nearly half a century ... all but disappear[ing]."³ Secretary General Worner's quote is taken slightly out of context, but the thrust is still the same. What is clear is that following the reduction of forces in Central Europe, it will be most difficult for the Soviets to launch a surprise attack.⁴ Estimates vary from two or three months to one year's warning of any impending attack.

NATO is largely responsible for the success of the Cold War. One of the popular metaphors is that the Atlantic Alliance stood face to face with The Threat for over forty years and the Soviets finally blinked. The immediate result of troop withdrawals and the Conventional Forces treaty was that the focus of assistance for the emerging East European

countries as well as the Soviet Union has been economic. The Soviets have expressed the desire to convert to a free-market system. They have asked for economic and technologic assistance. With very little concrete means of trading on the world markets, or ability to pay for imported goods, and a requirement to try to better their internal lot, the Soviets gave notice to their COMECON partners and others that they would not be able to maintain the same level of support. This forced those smaller nations to seek out other sources, within and without the Soviet Union. Their Soviet credit was no longer good and they had to barter for the necessities as best they could, with what little goods of inferior quality they had.⁵

As the Soviets withdraw from Germany, with the assistance and reimbursement of the German government, they leave behind a devastated economy, a ruined environment, and an impatient and yearning populace. The initial flood of migrants poured through Hungary. The focus and priority of the German government has been radically altered in adjusting to the great influx of refugees. Polish refugees into Germany have also created quite a stir. Residents throughout the country have endured the onslaught of thousands of newcomers and now complain of crowded stores, parking areas and rising crime and traffic accident rates.⁶ The Italians have also had an enormous influx of migrants, theirs from the East European state of Albania. In early March of 1991, about 20,000 refugees fled Albania in the course of one week for the port of

Brindisi Italy. It was billed as the third "national hemorrhage" since the summer.⁷ This potential to be overcome by refugees has alarmed countries in Central, Southern and Eastern Europe and Scandinavia.⁸ The unrest in the Soviet Union and its Republics also has the potential to create significant additional refugee migrations to the West.

Refugees, immigrants and guest workers are an increasing concern throughout the world, Europe included. Problems of refugees linger to affect their children and grandchildren. The problems of this ghetto crowd create new difficulties, both economic and social, for the host governments.⁹ Unemployment, lack of housing, high cost of living, inadequate social support systems--the woes seem to grow. Not only do the refugees disrupt the daily lives of the previously contented local populace, the "explosion of discontent" which they are trying to escape, seems to follow them.¹⁰ Some would rather return to their old homes where the suffering might sometimes seem less. The European refugee problems, in the few months since the opening of the borders, is but just a preview of the potential of the open borders policy of a united Europe.

The reemergence of Germany as a nation has made some countries very uncomfortable; not only because they are concerned about future military might, but because the Germans are now the largest economic power on the continent, excluding the Soviet Union. Several countries are concerned about a

reunified Germany. That European memory still lingers near the surface. After withdrawing from the integrated military structure of NATO in 1966, France has played various roles in the European architecture. The reunification of Germany in October of 1990 "end[ed] four decades during which France owed its prestige as a nuclear power-and practically a world power-to the division of Germany."¹¹ A member of the Western European Union since 1954 and a key player in the European Commission, France might now have to play second to a revitalized and economically stronger Germany. With the political and economic leadership roles yet to be sorted out, one French official has been quoted as saying, "We have been living through months of schizophrenia."¹² What will be the next step?

Perhaps, with the United States withdrawing considerable forces, France would get a chance to fill the Supreme Allied Commander Europe position, long rumored as a possibility to bring the French back into the NATO fold. Then there was the possibility of a Frenchman commanding the new multinational rapid reaction corps, a position that was given to the British. When WEU naval forces deployed to the Persian Gulf to support Desert Storm, the French very awkwardly demanded, and very awkwardly implemented a poor semblance of command and control for those forces, with the British eventually capitulating and joining forces with the United States.¹³ In developing a security element for the European Community, the French support the inclusion of the Western European Union in

the Community. They do not want to dilute their leadership role by any use of the NATO organization which they renounced. Although the French did relinquish command and control of their ground forces to the U.S. commander in the Gulf, they have been seen as hesitant to take part in any organization unless they are able to play a leading role, or at least the meetings be held in France.

The current President of the European Commission, Jacques Delors, is a former French finance minister; the newly appointed President of the European Bank for Reconstruction and Development (EBRD), Jacques Attali, is a former adviser to President Francois Mitterand. "Mr. Attali had never run a bank, but he once wrote a book about financier Sigmund Warburg..."¹⁴ Could it be a coincidence that the CSCE conference was held in France? French financial support to farming and business has not only been a stumbling block to the current round of GATT negotiations (along with Germany), but has also drawn the attention of the European Community as it reviews government supports and subsidies within the Community. French relations with NATO over the years have been less than exemplary. Since leaving the Integrated Military Structure (IMS) in 1966, they have only attended military proceedings as observers. In a recent Ministerial Meeting at NATO, the French Foreign Minister did not like the course of the discussion concerning the future of the Alliance after the Cold War and left the meeting early. Later in the same meeting the Foreign Minister's proxy, the French chief

delegate, also disagreed with the discussion, picked up his papers and threatened to walk out.¹⁵ For one other example of the French syndrome, consider the beginnings of the European Environment Agency. The French blocked the formation of the EC agency, holding out for a commitment to keep the agency in Strasbourg and not move it to Brussels.

The Conventional Forces Europe agreement signed as a prelude to the Conference on Security and Cooperation in Europe mixes the good news with the bad news. Militarily the forces are in fact reducing, even with the knowledge of the Soviets' hedging on totals, and conversion of significant people and equipment from their army to the naval land forces. On the economic front, while the forces on both sides are reducing, so also are the funds and military hardware which will be necessary to support them. In addition to the economic reduction, with corresponding industrial impact, there is also the corresponding increase in the burden for the forces remaining who must be prepared to assume one of several contingencies.

With all the existing security and economic structures saturated and the myriad of organizations maneuvering to take the lead, the dark horse candidate came through in the form of the Conference on Security and Cooperation in Europe, CSCE, the culmination of the Helsinki process. The process was begun in 1972 with a proposal by the Soviet Union, the purpose of which many thought was to drive a wedge between the allies

in the Atlantic Alliance. Two conferences were held in Helsinki, the first in 1973, the second in 1975. The Final Act was signed on the 1st of August 1975 after the West stuck in Basket Three for humanitarian cooperation.

The CSCE process served to emphasize the fact that, "Security in Europe is indivisible, each country's security being inextricably linked to the security of all European states."¹⁶ The months leading up to the 19 November 1990 signing of the treaty were replete with praise and grandeur describing the CSCE as the mechanism of choice, that balance among sovereignties. CSCE was seen as the panacea for European security problems. The first dose of reality, the first "disillusionment grew when the CSCE failed to condemn the Soviet repression in the Baltic republics which it could not do because of the principle of unanimous voting that prevails in the organization. The Soviets would not support such a condemnation."¹⁷ This showed the 34-nation alliance for what it really is: a large, slow procedural giant unable to make penetrating and timely decisions for lack of unanimity. Not a good start for a European security system.

Another player in the economic arena is the Uruguay Round of talks initiated in 1986, commonly referred to as GATT, an acronym for General Agreement on Tariffs and Trade. While the principle of GATT is based on the most-favored-nation (MFN) concept, the goal to promote a multilateral, non-discriminatory trading system is not working as originally intended.¹⁸

The most significant obstacle in current rounds of negotiation is the Common Agriculture Policy (CAP). GATT issues not on the front burner include disputes such as Airbus, air landing rights, EC barriers to investment and others. Dr. Jack Treddenick, Faculty Adviser at the NATO Defense College in Rome describes it best in his discussion of world stability. Paraphrased, that description is that all nations enjoy the results of world stability, but not all nations pay for that stability. Free riders create instability.¹⁹ GATT is the international search committee for free riders--institutionalized. While the EC serves a similar purpose within Europe, they have the legal power to enforce their previously agreed European trading policies. The Uruguay Round is based on negotiation toward a final international policy, which has yet to be determined. The Franco-German resistance in the current GATT farm subsidy battles is only a precursor to what has the potential to become Fortress Europe. The difficulty and emotion involved in the current GATT impasse therefore sets the stage for EC-92 which, in Dr. Treddenick's description, will not be modelled along the lines of the more liberal countries of Germany or Great Britain, but along the protectionist lines of a France or Italy.²⁰

The revolutions of 1989 have produced a European landscape much broader than envisioned by EC-92. As the continent struggles to find its new equilibrium, there will be more than enough challenges for all countries, no matter the size, political bent or economic wherewithal. Significant economic

assistance will come only after demonstrated political stability. NATO has empirical evidence to show that extensive discussions, consultations and cooperation are the only way to minimize the obstacles and disagreements along the paths to success. If the fledgling democracies are given the opportunity to succeed before impatient or repressed populations take steps in other directions, the dream of a whole and free Europe is attainable. There are several perceptions of success. The commonly accepted goals are democracy and the free-market system. In these processes it must be realized that capitalism or capitalistic practices do not a democracy make. In fact, there are some very significant differences in the understanding some peoples have of democracy. The force and pain required for such a substantial shift toward autarky may push some countries toward a benevolent autocracy.

The era of pre-1988 can be described in many relative terms. Two of the more common phrases which have been used are "cold war" and "bipolar world". The cold war was a virtual race of economies, technologies, weapons systems and world influence. The bipolar world was seen as the good guys versus the bad guys; democracy and human rights versus communism and the proletariat. It is interesting that we view the bipolar world as a form of stability only in hindsight. When we were living it, it seemed so unstable and terrible. Soon after Mr. Gorbachev's unilateral declaration, the walls, both literally and figuratively, came tumbling down. Missile negotiations, CFE, the reunification of Germany and the

unbinding of the Warsaw Pact and Eastern Europe all seemed to open up new possibilities. Had the great Russian bear seen the light? On the contrary, they publicly revealed their plight to the world. They, the Soviet Union, wanted assistance in bringing their country into Mr. Gorbachev's "Common European Home."²¹ Translated into the modern vernacular what they wanted, and still want, is economic assistance--money, technology and the up-side of a free-market society. This was a public admission that while the arms race might not be quite over, the Soviets were no longer able to stay in the race and still survive at home economically and politically.

More has come to light since 1988 than the free world's successful evangelism of it's recalcitrant Soviet brethren. It seems that the Soviets were not alone in feeling a significant economic crunch. The race for a completed CFE treaty contained a second, unspoken agenda. Mr. Gorbachev was moving and dismantling his military faster than they could be negotiated away at the conference table. The United States and the other key players in the negotiation were also reducing, or scheduling troop reductions faster and lower than the treaty limits. What was actually developing was that virtually every country, NATO and Warsaw Pact, was dismantling its forces with little or no regard to force structures or contingency requirements. There seemed to be a collective gasp when someone finally described the obvious, but the trend continues unabated. The real race is for the peace dividend, the ability to free resources as a result of reduced

defense spending. One of the problems realized is that when deeply into deficit spending, a peace dividend is not really cash-on-hand, but simply less debt. That is one more contributor to the current economic crisis in the Soviet Union. Excessive debt just does not translate into buying power, even when it is getting smaller. Yet even with the peace dividend, not many countries are actually reducing their debt.

At the risk of generalization, it seems that most every country is cutting budgets, cutting forces, buying less, shortening obligatory service requirements, making equipment on hand meet the needs of larger, costlier systems and much more "economizing." This dose of realism has affected countries large and small, rich and poor, free and those not so free. The reality is that budgets are smaller and continuing to decrease; countries are spending less on all forms of procurement, defense and otherwise. What about the Bear, that large ominous Soviet threat? Well no, it hasn't gone away. But it is no longer considered a threat either. With a large portion of Soviet hardware moved east of the Urals under CFE, and the troop reductions which have taken place, even the official NATO position recognizes that the threat has diminished considerably. It's now only a risk, not a threat; there is no front line.

With the multilateral reductions in forces, equipment and budgets, there will be less of each to spread around. The Soviets have asked for significant economic and

technologic assistance. Even with the East Europeans looking to the West for help, whether it be NATO, EC, CSCE or any other group, the funds and forces available to any entity for security or other purpose will be reducing in size, not increasing. As the United States takes a large portion of its overseas troops back to its home continent, a proportionally larger portion of European defense will have to be borne by the Europeans.²² To some, this will be a realization of what the Europeans have been seeking for some time, a chance to strengthen the European pillar of NATO--burden sharing at its ultimate.

Much of the past credit for the survival of the NATO alliance has been given to the extensive discussion and consultation between and among the allies. This ability to compromise in one area in order to gain success in another has enjoyed the convenient and successful lever of the threat. Pull together or be defeated by the enemy. A small collective gain is worth the price or sacrifice of national interest. A lot of pride and national self-interest has been compromised in the name of defeating the threat. After all, a politician or national leader could rationalize that small sacrifices had to be made to maintain a solid front in the face of the enemy. Even though the London Declaration extended the "hand of friendship...to the countries of the East which were our adversaries in the Cold War...", it still maintained that coalition front, in the same paragraph where it stated,

"We recognise that, in the new Europe, the security of every state is inseparably linked to the security of its neighbours."²³

The Western European Union has seen a recent resurgence in popularity and utility. It was used as the United States bridge to the Europeans during Desert Storm in NATO's out-of-area realm. NATO and the United States, individually, have suggested to continue the use of WEU as that bridge to the Europeans. During the period of, and shortly after the Gulf war, recommendations surfaced recommending that the WEU be placed under the European Community.²⁴ In February 1991 the United States sent a strongly-worded message to several European capitals stating that: 1) a merger between the EC and the WEU was unacceptable; 2) the WEU was an acceptable forum for providing for European defense; 3) while negotiating with a coordinated European position, a non-negotiable European bloc position presented in a NATO forum was unacceptable; 4) the WEU should limit its capabilities to the non-NATO area only; 5) use of WEU forces should require coordination with NATO; 6) U.S. troops remaining in Europe should be integrated with those European forces; and 7) that the results of the NATO review should provide a more attractive home for the European defense identity.²⁵ While the demarche served notice that the United States wanted to be included in the European security discussion, it apparently served its purpose and assured that, at least for the time being, the WEU will act as a bridge to both NATO and the EC.

ENDNOTES

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CURRENT EVENTS

The world is passing from the security definitions of a bipolar world to a world of what some would like to consider as multipolar, but is actually evolving into a tripolar world of U.S.-Europe-Japan based on economic security.¹ In his article describing the new tripolar world, Mr. Bergsten quotes historian Robert Gilpin's statement that, "almost all [students of international relations] agree that a tripolar system is the most unstable configuration."² The concern that develops is in any loss of stability where two of the powers team up against the other and for what purpose they do so. While recognizing Japan as one of the three significant developing blocs, this focus will continue to be on the European dimension of the tripolarity.

The Europeans have committed themselves to a Europe whole and free, a unified Europe, a single economic market pledged to free movement of persons, goods, services and capital. The revolutions of 1989 have placed new challenges at the door of a previously staid and conservatively progressive community. As long as there was a border and a collective security system, NATO was there to keep the enemy out. It seems that in the real world order there are two regimes, the world economic order and the world security order. Both regimes are inherently unstable, and subject to atrophy with time.³ As the Soviet Union started to crumble and turn inward, in both its

security and economic orders, there emerged great potential for social, military, economic and political instability.

Several years later, incidents in the Persian Gulf provided the initial test of the emerging New World Order.⁴ As the conflict developed, the two prominent organizations in security and economics were challenged. The EC found itself with no capability to respond to potential security threats to the Community. As a matter of fact Article 223 of the Single European Act prohibited Community participation in defense matters, considering that a national concern. NATO was limited, not necessarily by their treaty but by Alliance interpretation in conducting out-of-area operations, and thus the heated discussions of the WEU role.

In the developing economic and security vacuum, European and East European countries are lining up to join NATO , the EC and even EFTA.⁵ Poland, Czechoslovakia and Hungary have formed their own coalition;⁶ Hungary and Czechoslovakia have joined the Council of Europe.⁷ "Czechoslovakia, Hungary and Poland met (with Yugoslavia, Italy and Austria acting as observers,)" and President Vaclav Havel proposed a new regional Danube-Adriatic coalition.⁸ In all the jockeying--the turmoil and confusion ("Join us...no, you can't join us."), the East Europeans, "resent being kept at arm's length, and they fear abandonment. They see the West as inconstant and selfish."⁹

As the international structures are changing, Europe is gaining in relative economic power and trading power with the United States. Gaps in technology, wealth and productivity are being narrowed.¹⁰ The fact is that with the combination of factors of the budget deficit, trade imbalance, and inflation, the United States has enough trouble managing its own economic affairs without the added burden of helping its friends and allies.¹¹ As the United States, with the able assistance of the Congress, reduces its troops and commitments to NATO, there is a great shuffling among the Allies. The confusion arises when one tries to make a distinction between shuffling to assume responsibilities and shuffling to avoid the burden; an awkward turn on the definition of roles, risks and responsibilities. Here surfaces another of Dr. Treddenick's points that the demise of economic power leads to conflict.¹²

Recent events in the role of the WEU, and its organizational hierarchy, polarized NATO allies and showed the underlying motivation of the nations seeking a security role for the EC. The 21 February 1991 demarche said it best in that while the United States supports strengthening of the European Pillar, it should not be done in a manner which would weaken the alliance or initiate a bloc, or European, vote in alliance proceedings. While the apparent reasoning to absorb the WEU into the EC is increased security, the resources necessary to support such a defense would naturally accompany the organization. This thought, "crystallizes the focus of defense, and its related industry, as a viable

economic entity."¹³ Pulling the WEU into the realm of the EC would lead to the possibility of minimizing, or even fracturing the NATO alliance, consequently lessening the role of the trans-Atlantic link (read-United States.) Absorbing the totality of purpose of the European defense industry under the EC umbrella would allow exploitation of trade and tariff policies to exclude non-European industries from the defense scene.

This centralization of power, politically, economically and militarily, would definitely strain trans-Atlantic relationships,¹⁴ especially U.S. defense guarantees for the continent. Actually the Europeans would stand to lose economically,¹⁵ a point discussed later in the realm of Defense GATT. A self-sufficient Europe, a "truly united continent [might] see itself as so self-sufficient, and be so preoccupied by regional developments, that it will have little interest in promoting global economic cooperation."¹⁶ Thus evolves Fortress Europe.

The greatest influence on the political, economic and social and cultural integrity of Europe lies in the great dormant mass of potential refugees. Several countries, as mentioned in the historical perspective, are experiencing much difficulty now with migrant workers and refugees.

To get a picture of the enormous complexity of unfulfilled territorial aspirations and nationality conflicts, one need only think of the acute conflict between Romania and Hungary concerning the treatment

of the large, compact Hungarian minority in Transylvania; the Romanian claims to Bessarabia and Northern Bukovina in the Soviet Union and Dobruja in Bulgaria; the Albanian powder keg within Yugoslavia and the dispute with Albania that is inseparably linked to it; Bulgarian ambitions in Macedonia; and the problem, aggravated in recent years, of the Turks in Bulgaria and the Moslems in Yugoslavia.¹⁷

Other examples include the flight of Poles to Germany, Russians fleeing for Poland, and the Germans and Albanians mentioned in the Historical Perspective--and the Greeks claim there is no Macedonian minority.¹⁸ Recent examples of the vast extent of the refugee movement are those Iraqis and Kurds fleeing Iraq. Although on the periphery of NATO and beyond the EC, the large quantities of resources to support and sustain them is taxing most of the European countries and the United States. As Europe becomes one community and the free movement of people is realized, one of the results will be the movement of the poor peoples to their richer neighbors to make more money and raise their standard of living.

Not to underestimate the impact of the political refugees, but the largest single challenge will be economic refugees. As unemployment is doubling in East Europe,¹⁹ social scientists compare the drain of tens of thousands of young Germans from the eastern states to the flood of young males deserting the underdeveloped regions of southern Europe.²⁰ The Soviet Union will not even pass an emigration bill for fear of sparking a massive population exodus.²¹ This type of immigration, economic migration is related to the difference in economic health between the area left behind and

that to which one moves. This economic immigration is more than that of the migrant workers and is influencing both the eastern and southern flank of NATO.²²

The reverse side of the refugee issue is the citizens from the richer, higher taxed nations slipping across the border to buy cheaper goods in the country of their less fortunate neighbor. For example, on a normal workday in April of 1991, 12,500 Germans crossed the Polish border at Szczecin to buy cheap food, clothing, and appliances.²³ Will the policies of the EC level the playing field? Are playing fields ever level?

What about the spark that started this landslide? Everything is collapsing together, politically, economically, and socially and culturally. At the current point in time, the Soviets have gone through eight economic restructuring plans,²⁴ appealed to allies and former antagonists worldwide for economic assistance, left their Warsaw Pact allies, COMECON partners and client states hanging when they couldn't pay their debts, demanded hard currency for payment of Soviet goods and failed to fulfill agreements for supplies to their friends. After years of complaining of being swindled through the facade of COMECON, and demanding the ability to sell goods outside the Soviet bloc, the COMECON countries were given that opportunity on New Years day 1991 when the system halted the barter system and began trading in hard currency. The East European economies almost collapsed immediately. The Soviets

were unwilling or unable to pay, goods were not delivered, merchandise stacked up and merchants were faced with laying off thousands of employees, with some businesses going under.²⁵ When discussing the impact of COCOM controls on technology and technology transfer to East-bloc countries, one high-ranking Soviet defense official wrote, "Even the toughest controls imposed by COCOM have ... been less negative for economic, scientific and technological progress in our country [than] our 'internal COCOM'."²⁶ As the East Europeans and Soviets attempt to switch from defense to private industry, the magnitude of their economic and structural conversion is best illustrated by a description of Soviet Vice Minister Koeroesjin, "It is very difficult to switch from the production of tanks to washing machines. We are looking for joint ventures with Western countries, but we cannot offer much, but our intentions are good..."²⁷

After a somewhat disappointing, but predictable lack of performance during the Gulf war, CSCE is still in existence. Only formalized in November of 1990, the bulk of the infrastructure of the organization has yet to be established. One of the first requests is from President Havel of Czechoslovakia, that a European Security Commission be established to be the equivalent of a peace conference, [an event] that has not been held in Europe to date.²⁸ Not much of a bow wave, but at least he's trying to start the system.

NATO has recovered comfortably from its divisions during Desert Storm. Unable to take a direct role, a portion of the Alliance contingency planning was used to transport troops and equipment to the theater of war. As discussed earlier, the WEU cooperated for additional assistance from many of the NATO members. As the strategic review continues and a multinational corps has been approved, the latest announcement extended the NATO security umbrella to the East European countries, at least in spirit. Quite a significant move for the Alliance.

Fortress Europe, the Uruguay Round, Fortress America, GATT. Those are the players. Nationalism? Eurocentric? "World Pressure Builds on EC to Strike Deal."²⁹ The financial page headlines laid in right in their lap. Farm subsidies in the EC have risen above world levels; European farmers produce more; prices go down; and the less wealthy farmers, the small producers get driven out of business. Over two-thirds of the EC budget is spent on agriculture. EC foreign trade constitutes about 20 percent of total world trade.³⁰ So much for free enterprise, the free market system. One hundred eight countries are represented in the GATT negotiations. There is general agreement that farm subsidies must be reduced. The United States and a group of supporting countries known as the Cairns Group have proposed 75 percent cuts over ten years in internal farm support and 90 percent cuts in export subsidies. The EC, primarily France has proposed a 30 percent cut between 1986 and 1996.³¹ European subsidies have already been cut

fifteen percent since 1986, so even at 30 percent--that would only require a 15 percent decrease in price supports. The French called the offer a great success.³² A complete breakdown in negotiations could lead to nationalistic policies including tariffs and import restrictions threatening the world trading system. At one point the U.S. Secretary of Agriculture, Clayton Yeutter, threatened to match the 12 billion dollar annual European subsidy for United States farmers.

The talks were broken off in December and after several proposals, begun again in February, with a 1 March U.S. deadline for negotiating authority. In March, Germany asked for additional funds for integrating eastern German agriculture, even though extreme excesses of beef, dairy products and cereals existed. While France was hand-in-hand with Germany, the EC farm commissioner stated that the problem was overproduction, not German unity costs.³³

During the stretch-out of negotiations, the U.S. tried to concurrently negotiate a free trade agreement with Mexico. When President Bush asked for fast track authority (no line item review by Congress) unexpected and unusual Congressional alliances cropped up to challenge the attempt, though eventually Congress approved the President's request. A surfacing of the renewed Fortress America. In the interim, European price supports were on the rise, approaching 50 percent increases for a two-year period.

The reason given was to support the eastern German farmers.³⁴ The next move was an EC blitz on unfair U.S. trade practices, much of it directed at state level. In April, still with no agreement, the British agriculture minister called the EC farming policies bankrupt.³⁵ Shortly thereafter the EC farm commissioner, prodded by surplus food stocks, depressed prices and a drained budget, publicly recognized the need to reform the EC's Common Agriculture Policy.³⁶

Mr. Sidney Weintraub, in his article "Regionalism and the GATT," says that regionalism is now taken for granted in Western Europe.³⁷ The fact that the U.S. is able to shift its international priorities away from the political and security arena is a good sign, especially since it is now challenging the European Common Agriculture Policy instead of tolerating it.³⁸ Mr. Weintraub sees a U.S. shift toward regionalism and justifies it by giving examples of several economic organizations operating under the most-favored-nation (MFN) principle. While GATT depends a great deal on control of tariffs, it does not cover other voluntary arrangements. GATT has no power to impose sanctions, the rules were made to protect the weaker countries from the stronger ones. Contrary to the original intent, the stronger countries usually use the voluntary controls to skirt the rules protecting their weaker trading partners. The most successful agreements have been between more developed countries, usually those with regional agreements. With the world external to the EC depending primarily on bilateral or regional trade agreements, the EC will have

the only regimented international trading policy and free borders. Thus trade within Europe will be synergistic while external trade or extra-EC trade will rest on bilateral, regional and voluntary agreements--none of which will have the enforcement or discipline of the EC mechanisms.

A European consortium was organized to produce commercial aircraft in Europe to develop and maintain technology and resources at home. The Airbus group is owned by Aerospatiale of France, Messerschmitt-Bolkow-Blohm of Germany, British Aerospace and CASA of Spain. It is estimated that MBB received 237 million dollars in subsidies for Airbus in 1990 due to compensate for exchange rate losses. Overall, it is estimated that Airbus Industrie received a total subsidy in 1990 of 19.4 billion dollars. The United States, on behalf of U.S. airlines has filed an official appeal to GATT.³⁹ United States aircraft companies are not subsidized by the government and subsequently must operate at a profit. The European view is that U.S. aircraft companies "benefit indirectly from huge governmental payments to them for the development of military aircraft."⁴⁰ In six years Airbus has gone from 200 airplane orders to a backlog of 1,600 airplanes worth around 70 billion dollars. Airbus currently holds 30 percent of the world's aircraft market; Boeing holds 53 percent. Airbus is working on a 600-seat aircraft to compete against the 747 and a smaller, 130-seat aircraft to meet the needs of the short haul market. Airbus is admittedly trying to buy its way into the U.S. market, but according to a French government official,

"Without loans from the state, Airbus couldn't survive the next five years."⁴¹

In March 1990 Ambassador William H. Taft IV, the U.S. Permanent Representative to NATO, suggested a multinational grouping similar to GATT for the defense industry. Washington and NATO were initially skeptical, but NATO referred the plan to committee for detailed review. A defense GATT would provide industrial cooperation between North America and Europe. With the decline in defense dollars and corresponding decrease in weapon systems quantities, it would be advisable to keep some facsimile of defense contracting active across the spectrum of allied countries. A defense GATT with appropriate rules and discipline would preclude protectionism and suspicion of favoritism. Such an organization would also emphasize the relationships between national governments and national industries. This concept would allow defense firms to team up to mutual advantage across technical specialties and national boundaries.⁴² This was seen as a path to a healthy industrial base, a broader base to serve the entire NATO alliance, especially since the European defense industry cannot support itself, they must export to sustain themselves.⁴³ Their own national defense requirements are not of sufficient volume to sustain their industrial base.

A report was submitted to the North Atlantic Council proposing a NATO Defense Trade Commission with a code of conduct and a dispute mechanism. The suggestion was not favorably

received by all members and participants, but the seed was sown. The concept is more difficult to implement in the United States with no governmental defense firms, it would therefore be executed through the Department of Defense. In cooperation with the EC, this proposal would: 1) need to agree on defense interests, 2) put Americans at the bargaining table--a European consortium such as Airbus would not include the United States, 3) combine national demand necessary for economy of scale, and the negative point 4) the United States would not have each and every individual defense capability. The last point would be hard sell to Congress and the American people without adequate safeguards and implying a necessity to be interdependent with nations who are on your side. The United States does not have a good track record identifying friendly governments."

Perhaps this could help with such programs as the European Fighter Aircraft, European helicopter (which has not succeeded), the Advanced Tactical Fighter and others. Advanced technology is an extremely sensitive area. The study group reported back to the NAC on 12 March 1991. There were several suggestions for improvement and several different points of view with valid reservations--not the least of which was the questionable ability to sell Congress on a defense agreement where the security of the United States would not rest entirely within U.S. resources. Defense GATT is still a viable subject, it is just similar to its cousin, GATT;

neither is that simple nor easy to bring to full fruit and implementation.⁴⁵

As we move into the post Cold War era, all the historical paths, all the current developments must converge with some semblance of meaning for this myriad of organizations and nations to succeed. The key to survival that has been weaved throughout these vignettes is economics. The politicians need it to construct adequate structures by which to rule; nations need those resources for security and the welfare of their people. It is not something that you do or do not have. It takes some form of economic resources to exist at even the minimum level. So how is this grand economic resource to be spread among allies and antagonists? Global trade in goods and services. "The economic plant of these ... societies, ...its viability, requires stable exchange rates, steady access to raw materials, large markets and a mobile labor force."⁴⁶

As the Soviets approach their friends and foes for cash and hard currency, Lawrence H. Summers, chief economist at the World Bank is cautioning potential lenders. His concern is the large amount of capital flow that went to Eastern Europe and the Soviet Union in the 1970's that "went into a black hole."⁴⁷ In Mr. Summers words, "A little structural improvement is worth a lot of financial flows."⁴⁸ The head of the Institute for International Economics, Mr. C. Fred Bergsten,

describes the Soviets as needing market access to expand their trade--not a handout.⁴⁹ Former Secretary of State, Henry Kissinger recommends the U.S. shift its foreign investment to the Western Hemisphere, specifically Latin America, simply stating, "because almost all of those countries are democracies and have accepted market economies."⁵⁰ He also predicted that economic power would play a major role in the new world order.⁵¹

As the EC strives for monetary union and a common currency, Germany is cautioning against the costs and risks involved in rapid integration. They offer their example of the joining of the East and West Deutsche mark as an example. As the EC wrestles with subsidies in agriculture and trade, they are also faced with the dilemma of extending loans and credits to customers in the East with no track record. Auditors are finding masses of worthless loans in East European banks. The authorities gave loans to unstable industries that folded in the face of the free market. The banks have more troubles than that; "They are still owned by their national governments and managed by bureaucrats who know nothing about assessing credit, listening to customers or other basics."⁵² It appears that their most efficient method to maintaining solvency is simply not to pay their bills.⁵³

NATO and the EC are standing toe to toe in the trade face-off (GATT). Concurrently with this impasse, "the U.S. has been excessively accommodating in relations with Gorbachev

at a time when Moscow's policy is in flux."⁵⁴ The United States can afford to deal from a position of power, since demonstrating in Desert Storm that it is probably the only superpower left in the world with sufficient capabilities for adequate power projection. Demonstration of that power projection equates to security for Europe.⁵⁵ It is most evident that to conduct such a massive mobilization, the costs far exceeded the U.S. ability to absorb, and thus the request and response from other nations to help with a variety of economic resources. At this point in time, with the U.S. so amply demonstrating its capability to meet its global commitments, Europe has a choice. The choice is to either turn inward to EC-92, stay within the Fortress Europe and go it alone; or take advantage of the synergy of action within the mobilized countries and try to determine common goals, a common path and a mutually beneficial political and economic plan to reach those goals. The EC could use a trans-Atlantic link also.

As the developing East European countries reach out for assistance, the world community has established the European Bank for Reconstruction and Development. The bank was capitalized with 10 billion European currency units (12.3 billion dollars.) The U.S. agreed to the appointment of Mr. Jacques Attali to serve as president of the bank, but the designated American number two in command declined. Quickly, Mr. Attali appointed an Italian as his number two man reinforcing the French-Italian tie reminiscent of the WEU tug-of-war.

Mr. Attali's economic policies do not necessarily agree with those of the bank's directors (contributing nation representatives.) In his inaugural speech, he did not even mention the United States, his single biggest investor. Back to the economic level--60 percent of the bank's capital is reserved for the private sector, the other thirty percent for infrastructure.⁵⁶ Mr. Attali even wants to change that formula. Such a well-intentioned organization and the policy makers have trouble implementing their stated objectives from the very beginning.

Finally, the EC has demonstrated a clear cause and effect provided for in its monetary linkage. As Germany strains to cover the cost of reunification, it has increased taxes and its interest rates.⁵⁷ Determined to stay as independent as possible and keeping inflation under control, the Germans managed to ward off the ire of the French who accused them of doing "the international collective effort a very bad turn by increasing rates without asking the opinion of anyone."⁵⁸ They, the Germans, were also accused of "push[ing] up worldwide rates, slow[ing] up Europe's growth, and irk[ing] French and British officials who feel their own economies are underheated."⁵⁹ In the following months the Spanish, with the highest interest and inflation rate and the strongest currency in the EC, cut their bench mark interest rate by one percent. Three days later, the French, sharing the bottom of the interest ladder and slow growth with the British, lowered their

money market rate by one quarter of one percent. An example of EC mechanisms working at their finest.

The problem will begin at the initiation of the internal market. For example, say the Germans have a cost structure of perhaps 32 marks per hour, the French 27 marks per hour, the British 17 marks per hour and the Italians 6.5 marks per hour.⁶⁰ The question--how to be equitable in the free movement of persons, goods, services and capital? Capital will be fairly well adjusted by then with the exchange mechanisms. The difference in the value of labor will induce cross-border migration to receive higher wages and will require some form of control of work permit or other impediment of movement of persons or services. Moving goods within the EC can be balanced with little or no problems. Bartering of those goods outside the EC will require competitive quality, competitive price and equity of some sort if the goods are subsidized within the EC. Some goods will always be able to be subsidized, while others will lead back to the vicious circle experienced in the current GATT negotiations.

This is but a sampling of the torrent of events and challenges shaping the economic structure of the present and future. It's not all black and white. It is hard to tell the stumbling blocks from the opportunities. Although rational men should be able to decipher the meaning for any collection of events, there is no guarantee that nationalism or protectionism will not creep into the decision making process.

Their moods and actions might not shed light on their intentions. Even with the right mechanisms in place, the self-interest can still slip in. Here again we have the ultimate mix of political, economic, and social and cultural values and goals. What is the next move?

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47. Tom Redburn, "Give Soviets Access, Not Aid, U.S. Economists Say," International Herald Tribune (Rome), 23 May 1991, p. 11.

48. Ibid.

49. Ibid.

50. Catherine Long, "Kissinger Warns Against U.S. Military Base in Middle East," Memphis Daily News, 28 March 1991, p. 1.

51. Ibid.

52. "East European Banks in Red Braces," The Economist, 6 April 1991, p. 80.

53. "The Cheque Is Not In the Mail," The Economist, 6 April 1991, p. 80.

54. Interview with Scott Sullivan, Policy and Plans Branch, Office of the Secretary of Defense, Washington, 16 April 1991.

55. Interview with E. Mark Linton, Counselor of Mission for Economic Affairs, U.S. Mission to the North Atlantic Treaty Organization, Brussels, 18 March 1991.

56. Leigh Bruce, "Europe Bank Debut: Uneasy Partnership, Attali Takes the Visionary Approach as Brady Focuses on the Bottom Line," International Herald Tribune (Rome), 17 April 1991, p. 1.

57. Richard E. Smith, "Bonn Concedes Need for a Rise in Taxes in '91," International Herald Tribune (Rome), 22 February 1991, p. 11.

Richard E. Smith, "Ignoring Partners' Pleas, Germany Raises Rates," International Herald Tribune (Rome), 1 February 1991, p. 1.

58. "Paris Hits Germany's 'Bad Turn'," International Herald Tribune (Rome), 12 February 1991, p. 1.

59. Steven Greenhouse, "Europeans Hope to See a New Urge to Spend," International Herald Tribune (Rome), 17 April 1991, p. 11.

60. A sample exercise in equalization of goods and services, borrowed from Mr. Spath.

Lothar Spath, "Europe's Nation States are Obsolete," European Affairs, Vol. 3/90, p. 9.

CONCLUSIONS

The tripolar nature of the political and economic world is clearly evolving. The security relationships are solidifying much more slowly. One of the key economic powers in the world is Japan. Deeply entrenched in North America, Japan is also penetrating the European market with investments and goods. President Gorbachev also sought out the Japanese for economic assistance to the Soviet Union. As stated in the assumptions and limitations of this paper, the strength and importance of Japan as a world power is recognized, a significant contributor to the world economic balance. However, the conclusions discussed below will be confined strictly to the North American and European impacts on European security. Rather than describing the conclusions in terms of excluding Japan, it is more appropriate to describe them as more focused within the European continent. The influence is acknowledged, it is just not within the focus of this dialogue.

According to Richard Ullman the decade of the 1990s may be one of political and economic turbulence for a number of European states.¹ The manner in which the decade has begun certainly fulfills that prophesy. With the myriad of security, economic and other organizations, their attendant treaties and agreements, the struggle is to see which organizations survive to represent which blocs. It is not just the fate of the European peoples that hangs in the balance.

The world is consigned to live with this multitude of organizations. These contributing institutions, working toward their most worthy causes, will continue to proliferate as long as men of purpose and means are imbued with the will. As the development of these organizations and alliances has been shown throughout this report, the clear message on their beginnings is that almost without exception, they are strategic, not philanthropic. As a former U.S. Secretary of Defense has noted, "We do not maintain alliances as a favor to our allies--we do so because it is in our interest."² What a relief to have organizations forming to work towards solutions of security and economic differences; it is so much more constructive and conducive to peace and stability that the antagonistic political and military alliances of the immediate past.

The rush of countries to jump into the plethora of available relationships can be compared to a woman going shopping. Everybody knows that she is going to be gone all day, try on everything in the store, get opinions of everybody who will listen and contribute, and come home with what she thinks are the best deals. She will not have enough money to bring home all the pretty clothes, so she will pick the ones that she thinks are in her own best interest, maybe put a few on layaway, maybe even charge more than she should to her account, stretching her budget and economic potential.

So will it be in the world of international relationships and the continent of Europe. As a nation goes shopping through the mass of economic and security stores, it will have to make a decision as to how to spend its resources in a manner that will complement its national desires. Countries that cannot make up their minds or do not have the discipline to make the proper choice can be described as having a "lack of policy at a high enough level."³ Mr. Prebensen describes this phenomenon as symptomatic; and while problems arising in these situations need to be solved on a case-by-case basis, those solutions should be by-the-book with sufficient margin for safety.⁴

While each coalition tries to find its identity, the safest course will be for a nation to belong to a web of organizations, thereby strengthening its safety net. While individual organizations will serve to strengthen groups of countries which share a common interest, the potential increases for friction between the nations within a specific organization and nations external, examples of this include nations within and without NATO and the EC. Using the monetary union issue within the EC as another example, nations within a specific organization will sometimes be constrained from acting when squeezed out of a particular decision-making process holding a minority view. Nations belonging to a web of organizations will be able to use the strengths of each particular one to advance that nation's interests.

As with the WEU during the past decade or so, until its revival for use in the Persian Gulf, organizations not seen to play an active role will fall to disuse and stagnation. Nations will quickly pick up on those organizations which are inadequate or duplicate other more efficient ones and avoid them. As groupings evolve and gravitate to specific interest areas, they will tend to become intertwined, and at times uncomfortable. As friction develops, be it political, economic or social, nations will shy away from organizations seeming to impose on their national sovereignty, as with the French in NATO. With the military threats diminishing, and the political anomalies held in check by a web of agreements, the sole remaining areas of turbulence will be economic and social. Solution of social and cultural problems being not within the scope of this discussion, the discussion of their impact will be limited to economic forces.

The descriptions in the Historical Perspective and Current Events set the stage for describing the influence of migrant workers and political and economic refugees. As the demonstrated flood of peoples continue to pour across border areas, nations are going to reach the saturation point. While some have already initiated limited instances of forced repatriation, that will become less and less acceptable to world opinion in the future. As a nation reaches the limits of its wherewithal, it will be forced to take action. The three major possibilities for action will be to stop the incoming flow, move the population, or work for a regional solution.

The first two solutions will increasingly be seen as too autocratic, too radical. The third alternative will have two requirements. Regional solutions will require cooperation between nations and the web of structural organizations; they will also require resources, that is economic commitment. Smaller nations or nations with an already strapped budget will find it increasingly more painful to commit additional resources. Unless international economic and security organizations come to the assistance of those countries, the friction will quickly turn to conflict. Realizing that conflict can only result in additional economic commitment, it will be much better to search for the painful but more preferable economic commitment for the "soft" solution early on.

With the increase in regional and global trade, the intertwining and interdependence of nations has grown considerably. As was shown with the economic mechanisms of the EC and GATT, economic coordination and prosperity is relative. While the ideal solution is to take action to prevent the highs and lows of economic cycles, the reality is that these extremes will happen. As members of larger blocs, individual nations will find it more difficult to take separate action to solve their internal economic imbalances. Previous examples have shown that some nations will take action of their own volition, contrary to established agreements or treaties to better their standing. Nations who feel that they are on the receiving end of unfavorable trading practices or on the verge

of recession will therefore tend toward nationalistic responses. Recession leading to nationalism. Friction will appear as one nation moves at a different rate toward its economic ambitions than does its neighbor.⁵

The single greatest potential for future economic impact is the transformation of the minorities to the majority. As the larger economic blocs become almost self-sufficient, they will become preoccupied with their regional preeminence and less interested in the plight of the minorities, the migrant workers, the refugees, the people at the lower end of the economic scale with no apparent influence on their macro-ideas. The awakening will come when great migrations occur, as was described in the East-West Europe, Albania-Italy and Kurdish migrations. While these multitudes of economic inferiority are perceived as the minority, they will be relatively ignored in the grand scheme of economic programs and progress. There will be no incentive to contribute to such a loose and irresponsible group to better their plight.

As these groups coalesce into mobile disaster areas, their demands for "social likeness" will require significant political and economic concessions.⁶ There will be no incentive for cultural care and absorption as long as the problems are seen to originate with the minority of the economically disadvantaged at the "rumble" level. To ignore the problem will only postpone its solution to a later time at a greater cost.

What will be the future security and related economic structure? When guest lecturers repeatedly told NATO Defense College course members that they had no crystal ball, one of the resident classes presented the college with the statue of a man holding such a crystal ball readily available. As the multitude of structures vie for position and influence, the procedures of the Gulf war provide an insight into what might be possible. The international community rallied behind the authority and voice of the United Nations. Other organizations seeking validity used the UN resolutions as the ultimate voice of law and justice in the world.

The CSCE is yet a fledgling organization, but one supported by one of the largest number of countries outside the United Nations. Their poor showing during the Gulf war was due to a lot of reasons, not the least of which was their late arrival on the scene of world events and lack of appropriate and experienced infrastructure. Eastern European nations are already using the CSCE forum to seek economic and security solutions. This organization, patronized by other strong and diverse groupings has the potential to provide the pan-European forum so aggressively sought by all. The CSCE will be large enough, and as a result slow enough, to provide an opportunity for the European voice to be constructively congealed. The greatest hazard, a precursor of which can be seen in both the EC and NATO, is that the greatness of scale of 35 or more countries will slow the pace of discussion and consultation so much that nations will become impatient and

dash off on their own to seek fast but volatile national solutions. The greatest potential for quantity and delicacy of work lies in the Crisis Prevention Center which, if utilized correctly, will find itself at the heart of Europe's political, economic and social soul.

Other security and economic organizations will survive intertwined and interdependent below the level of the CSCE. These organizations, such as EC, NATO, WEU, Council of Europe, EFTA and others, will act as a shock absorber and first line defense against economic and security stabilities.

As the free world grows in size and pressure, one of the greatest needs will be in regularity of exchange.⁷ Any intense violation of that regularity, and resultant economic breakdown would result in the severe damage to security relationships worldwide. The new security relationships evolving in Europe provide for two opportunities, conflict over economic issues or a healthy combination of competition and cooperation; stability versus instability.⁸

Ancient glaciers moved over continents pressing their features into the face of the earth. When the glaciers retreated, the old features of the landscape slowly rose again, sometimes altered, sometimes not.⁹ What will be the features of Europe after the retreat of the surging economic glacier? Where is that crystal ball? Who is John Calt?¹⁰

ENDNOTES

1. Richard H. Ullman, "Enlarging the Zone of Peace," Foreign Policy, Number 80, Fall 1990, p. 109.
2. Frank C. Carlucci, "America's Alliance Structure and the New Isolationism," Defense 88, July/August, 1988, p. 2.
3. Interview with Mr. Christopher Prebensen, Executive Secretary, Office of the Secretary General, North Atlantic Treaty Organization, Brussels, 18 March 1991.
4. Ibid.
5. Michael Donelan, "A Community of Mankind," The Community of States, p. 141.
6. Cornelia Navari, "Diplomatic Structure and Idiom," The Community of States, p. 19.
7. Ibid, p. 27.
8. C. Fred Bergsten, "The World Economy After the Cold War," Foreign Affairs, Summer 1990, p. 97.
9. John Lewis Gaddis, "Toward the Post-Cold War World," Foreign Affairs, Volume 70, Number 2, Spring 1991, p. 116.
10. Ayn Rand, Atlas Shrugged, p. 626.

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